

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

SUBJECT: Cash Balance Benefit Program Update

ITEM NUMBER: 12

ATTACHMENT(S): 0

ACTION:

MEETING DATE: November 4, 1999

INFORMATION: X

PRESENTER: Mr. Lujano

SUMMARY

As of October 1, 1999, Cash Balance (CB) Benefit Program participating employers are reporting a total of 6,639 participants and the Program has received over \$5.1 million in contributions. Staff issued 6,412 CB Benefit Program Annual Statements of Account in August.

The Foothill-De Anza Community College District in Santa Clara County completed its 60-day election in August and has begun setting up participant accounts and submitting contributions on their behalf. The MiraCosta Community College District in San Diego County concluded its enrollment period on September 30, 1999. The district has terminated its current alternative retirement program and is now offering its adjunct faculty the CalSTRS DB and CB Benefit programs exclusively. MiraCosta anticipates that approximately 300 of its certificated staff will be rolling over their assets from the terminated retirement plan into the CalSTRS CB Benefit Program.

In the three month period between August and October, staff have made five presentations to employers: one elementary school district, three high school districts, and one community college. A presentation was also made to the Central Region meeting of the California Part-time Faculty Association. The Central Region represents community colleges from Weed to Bakersfield. In addition to these presentations, workshops for nearly 400 employees involved in the election process were conducted.

In late October, a mailing targeted to 230 separate districts was initiated. These are districts within seven counties that have already made the necessary changes to their data reporting process. When making follow-up contact with these targeted districts, CalSTRS staff will utilize demographic statistics to demonstrate the following data to each district:

- the number of part-timers covered by the Defined Benefit Program,
- the number of part-timers covered by an alternative plans, if offered
- the number of part-timers covered by Social Security, and
- the potential savings for the district if the Cash Balance Benefit Program were offered.

PARTICIPATING EMPLOYERS

The following is a list of the 20 employers offering the CB Benefit Program to their part-time, substitute and adjunct faculty: 25 percent are K-12 districts and 75 percent are community college districts.

COUNTY	K-12 SCHOOL DISTRICTS	COMMUNITY COLLEGE DISTRICTS
Alameda	Berkeley Unified	Chabot-Las Positas
		Fremont-Newark
		Peralta
Contra Costa	West Contra Costa Unified	Contra Costa
Los Angeles		Antelope Valley
		El Camino
		Glendale
Sacramento	Robla Elementary	
San Diego	Grossmont Union High	MiraCosta
Santa Clara		San Jose-Evergreen
		Foothill-De Anza
Solano		Solano
Sonoma	Montgomery Elementary	Sonoma County
Ventura		Ventura County
Yuba		Yuba
San Francisco		San Francisco

PROGRAM GROWTH

The table below represents the CB Benefit Program growth for the last quarter including the percentage of change from the previous month.

	7/31/99	% of Change	8/31/99	% of Change	9/30/99	% of Change
Participants	6,437	+ 4.3%	6,465	+0.004%	6,639	+ 0.03%
Employers Actively Reporting	17	None	17	None	18	+ 0.06%
Participating Counties	11	None	11	None	11	None
Total Contributions Received*	\$4,744,000	+ 3.5%	\$4,918,000	+3.7%.	\$5,150,000	+4.7%
Net Asset Value*	\$4,987,000	+ 8.6%	\$5,142,000	+ 3.1%	Unavailable	

*Amounts rounded to the nearest thousand dollars.

RATE OF RETURN ON INVESTMENTS (Aggregate – TC11 and TC64)

The long-term rate of return on CB Benefit Program funds has held its investment value even through the continued fluctuating market. The following table shows the various rates of return on investments for the Program.

Rate of Investment Return			
	As of June 30, 1999	As of July 31, 1999	As of August 31, 1999
1 month	3.76%	-2.43%	-0.49%
Fiscal year to date	16.57%	-2.43%	-2.91%
Last 12 months	16.57%	14.72%	26.48%
Since program inception (2/1/97)	22.10%	20.10%	19.16%

BENEFIT APPLICATIONS

As of September 30, 1999, the CB Benefit Program received a total of 41 benefit applications: 14 retirement applications, 22 termination applications, and 5 death benefit applications. Of those 41 applications, 32 have been paid, 2 are awaiting payment, and 7 are not eligible for payment at this time due to incomplete applications or the one-year waiting period for termination benefits.

The following tables represent the individual breakdowns of benefit applications for the quarter reported.

Applications Received

	Jul 99	Aug 99	Sep 99	FYTD Total	Overall Total
Retirement	1	1	0	2	14
Termination	0	9	1	12	22
Death	0	2	1	3	5
Disability	0	0	0	0	0
Totals	1	12	2	17	41

Completed Applications Ready for Payment

	Jul 99	Aug 99	Sep 99	FYTD Total	Overall Total
Retirement	1	1	0	2	14
Termination	1	4	2	7	16
Death	0	2	0	2	4
Disability	0	0	0	0	0
Totals	2	7	2	13	34

Benefits Paid

	Jul 99	Aug 99	Sep 99	FYTD Total	Overall Total
Retirement	0	0	3	3	14
Termination	0	0	6	6	14
Death	0	0	2	2	4
Disability	0	0	0		0
Totals	0	0	11	11	32